(a) whether it is a fact that Government had decided to establish two more shipyards in the country;

(b) whether it is also a fact that price of ships have crashed in the international market and ships could be purchased at a competitive price from the international market, instead of setting up new domestic shipyards;

(c) whether Government has provided budgetary support to the projects;

(d) whether the work on the two projects has not commenced as yet; and

(e) if so, the reasons therefor?

THE MINISTER OF SHIPPING (SHRI G.K. VASAN): (a) National Maritime Development Programme had envisaged setting up of two international size shipyards, one on the east coast and another on the west coast of India.

(b) It is a fact that prices of ships have declined considerably in the international markets from their earlier peak values seen in mid 2008. As such, the ships can be purchased from the international market at competitive prices at present. Shipping is a cyclical industry and the ups and downs of the shipping markets have a direct impact on the ship building industry. Ship Building is a capital and labour intensive industry providing immense opportunities for employment of skilled and semi.

Skilled manpower. Ship Building activities also promote a large number of ancillary industries and as such, promote the development of the region where the shipyard is located. Therefore, setting up new domestic shipyards is not only beneficial for the Indian shipping industry, but for the country as a whole.

(c) to (e) No budget allocation for the project has been made during the year 2009-10. 'Expression of Interest' has been invited from experienced and interested Shipyards/firms for participation in a global competition for setting up an International Size Shipyard on BOT license on the East Coast and West Coast of India respectively.

Accident involving 'Black Rose' Ship at Paradeep Port

†1363. SHRI RUDRA NARAYAN PANY: Will the Minister of SHIPPING be pleased to state:

(a) whether Government is aware of the fact that recently a ship named 'Black Rose' has met with an accident at Paradeep Port of Orissa;

(b) if so, the details thereof;

(c) whether it is a fact that environment is being adversely affected due to leakage of oil from the ship; and

(d) if so, the measures being taken to check the same and the measures under consideration to compensate the losses?

THE MINISTER OF SHIPPING (SHRI G.K. VASAN): (a) Yes, Sir.

†Original notice of the question was received in Hindi.

(b) The vessel loaded part cargo of Iron Ore (23384 tons) at Paradip. Since the remaining cargo (approx. 12600 tons) to be loaded from Paradip Port was not ready, the vessel was directed to wait at outer anchorage area. At 1740 hrs on 9th Sept. 2009, the Paradip Port reported that this vessel developed a list of 20 degree to starboard due to shifting of cargo and endeavoured to beach the vessel. The list kept on increasing and reached 30 degree starboard. There was a power failure on the vessel and eventually the vessel capsized and sank at 1902 hrs on 9th Sept. 2009 approximately 2 to 3 miles from the Paradip coast in 15 meters of water. The prevailing weather conditions at that time was wind speed 15 knots and wave/swell height was 2 meters. There were 27 crew members on board. 26 crew were rescued and 1 Ukrainian Chief Engineer went missing. SAR operation was carried out and the body of the Chief Engineer was later recovered from his cabin.

(c) No, Sir. There is no impact on the environment since the leakage of oil was negligible which was retrieved immediately by using a Pollution Control Vessel, equipment and manpower of Paradip Port Trust. Subsequently, the entire quantity of oil stored in the ship has been removed.

(d) Does not arise.

FDI in the shipping sector

1364. SHRI O.T. LEPCHA:
SHRI KALRAJ MISHRA:

Will the Minister of SHIPPING be pleased to state:

(a) whether the Foreign Direct Investment (FDI) in the shipping sector is abysmally low;

(b) if so, the reasons for poor FDI in shipping sector; and

(c) what are the efforts made by Government to enhance FDI in shipping sector?

THE MINISTER OF SHIPPING (SHRI G.K. VASAN): (a) Yes, Sir.

(b) The Indian flag suffers from certain barriers in terms of tax and duty structures which may have impeded the growth of Foreign Direct Investment (FDI). Shipping being an international business with virtually no trade barriers, tends to thrive in regimes which offer tax free climate. Apart from the open flag registries (FOCs like Panama, Liberia Malta, etc.) countries like Singapore, Dubai offer substantial fiscal incentives for ship owning activities. Though India introduced the tonnage tax system for shipping companies in 2004 to bring about a globally competitive level playing field, new taxes in the form of service tax, FBT etc. which were introduced later on, reduced it competitiveness.

(c) The Government introduced the tonnage tax scheme with effect from 1.4.2004 to provide level playing field so that Indian shipping becomes internationally competitive and thereby enhance the FDI in shipping sector. From financial year 2005-06, the tonnage tax benefits have been extended to dredgers also.